



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/805,522	03/13/2001	Douglas Monticciolo	198191/0004	1852

7590 12/01/2005  
STROOCK & STROOCK & LAVAN LLP  
180 Maiden Lane  
New York, NY 10038

EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3624

DATE MAILED: 12/01/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

**Application No.**

09/805,522

**Applicant(s)**

MONTICCILOLO, DOUGLAS

**Examiner**

Narayanswamy Subramanian

**Art Unit**

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 13 March 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-13 is/are pending in the application.
- 4a) Of the above claim(s) 9-13 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-8 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 13 March 2001 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

1. This office action is in response to applicants' communication filed on March 13, 2001. Claims 1-13 pending in the application are subject to restriction as discussed below. Claims 9-13 are withdrawn from consideration as being drawn to a non-elected invention. Applicants are respectfully requested to cancel the non-elected claims 9-13 in response to this office action. Claims 1-8 have been examined. The election/restriction, objections to the drawings and rejections are stated below.

#### ***Election/Restrictions***

2. Restriction to one of the following inventions is required under 35 U.S.C. 121:

I. Claims 1-8, drawn to a method of cost effectively funding a loan, said method comprising the step of providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan as an enticement to the insurance company to insure the loan, classified in class 705, subclass 35.

II. Claims 9-13, drawn to a method of cost effectively funding a loan, said method comprising the steps, by a lending institution, of: providing a computer connectable to a network and having a processor operable in connection with software for: receiving information from a borrower for a loan request; determining a credit risk of the borrower from the information received; approving or rejecting the loan request based on the determined credit risk; transferring the loan to an entity that issues a note to obtain funding for the loan, the note being insured by another entity; and providing a financial guaranty to the another entity for the note, classified in class 705, subclass 35.

The inventions are distinct, each from the other because of the following reasons:

Art Unit: 3624

3. Inventions I and II are related as sub combinations disclosed as usable together in a single combination. The sub combinations are distinct from each other if they are shown to be separately usable. In the instant case, invention I relates to a method of cost effectively funding a loan, said method comprising the step of providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan as an enticement to the insurance company to insure the loan, whereas invention II relates to a method of cost effectively funding a loan, said method comprising the steps, by a lending institution, of: providing a computer connectable to a network and having a processor operable in connection with software for: receiving information from a borrower for a loan request; determining a credit risk of the borrower from the information received; approving or rejecting the loan request based on the determined credit risk; transferring the loan to an entity that issues a note to obtain funding for the loan, the note being insured by another entity; and providing a financial guaranty to the another entity for the note. It is evident from the steps of the two inventions that the inventions are different in scope and utility. See MPEP § 806.05(d). Because these inventions are distinct for the reasons given above and the search required for Group I is not required for Group II, restriction for examination purposes as indicated is proper, even though they are classified in the same class and subclass.

4. After a telephone call made to Mr. Steven B. Pokotilow on November 10, 2005 to request an oral election to the above restriction requirement, a provisional election was made without traverse to prosecute claims 1-8 of invention I. Accordingly claims 9-13 are withdrawn from consideration as being drawn to a non-elected invention. Applicants are respectfully requested to cancel the non-elected claims 9-13 in response to this office action.

***Drawings***

5. The drawings submitted with this application are objected to by the examiner. This application has been filed with informal drawings, which are acceptable for examination purposes only. Formal drawings will be required when the application is allowed.

***Claim Rejections - 35 USC § 112***

6. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

7. Claims 1-8 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 recites in the preamble “a method of cost effectively funding a loan”. However it is unclear from the steps of the claim as to how and at what step the funding actually takes place. Claims 2-8 are rejected because they depend on claim 1. Appropriate correction/clarification is required.

Also claim 6 recites the limitation “a bankruptcy-remote entity”. It is not clear what the applicants mean by the term “bankruptcy-remote entity”. It is not a term that is well known to one of ordinary skill in the art and the specification does not provide a description to enable an ordinary artisan to understand what is meant by the term. Appropriate correction/clarification is required.

***Claim Rejections - 35 USC § 103***

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

Art Unit: 3624

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 1-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Gould et al (US Patent 5,966,700).

Claim 1, Gould teaches method of cost effectively funding a loan, said method comprising the step of providing, by a lending institution, a financial guaranty to an insurance company as a first loss protection for the loan (See Gould Column 3 lines 30-57) as an enticement to the insurance company to insure the loan. The risk allocation agreement is the financial guaranty and the funding institution such as a Federal Home Loan Bank is the insurance company. The limitation "as an enticement to the insurance company to insure the loan" is not given patentable weight because it is interpreted as an intended use.

Claim 2, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer, and wherein the loan is a loan of the lender (See Gould Column 3 lines 30-57). The mortgage originator is interpreted to include a lender and a reinsurer, the underwriting is interpreted to include reinsurance and the loan is a loan of the lender is inherent in the disclosure.

Claims 4-6, Gould teaches the steps wherein the loan comprises a pool of loans (See Gould Column 4 lines 5-10); wherein the loan is transferred by the lending institution to an entity that issues a note to obtain funding for the loan (See Gould Column 4 lines 25-39, the custodian is interpreted to be the entity to which the loans are transferred), and wherein the note is insured

Art Unit: 3624

by the insurance company and wherein the entity comprises a bankruptcy-remote entity and a trust (See Gould Column 4 lines 25-39, the custodian is interpreted to include a trust entity).

Claim 7, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer, and wherein the loan is a loan of the lender (See Gould Column 3 lines 30-57). The mortgage originator is interpreted to include a lender and a reinsurer, the underwriting is interpreted to include reinsurance and the loan is a loan of the lender is inherent in the disclosure.

Claims 3 and 8, Gould teaches the step wherein the lending institution comprises a lender and a reinsurer, and wherein the financial guaranty is reinsurance provided by the reinsurer (See Gould Column 3 lines 30-57).

Gould does not explicitly teach the step wherein the loan is a loan of a third party.

Official notice is taken that holding of loans of a third party by an institution is old and well known in the art. This helps the institution holding the loans to consolidate, diversify and resell the loans as bundles or tranches in the secondary markets.

It would have been obvious to modify Gould to include the step wherein the loan is a loan of a third party. The combination of disclosures suggests that lending institution would have benefited from the consolidation of such loans with the loans in their own portfolio.

### ***Conclusion***

10. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Art Unit: 3624


(a) King et al (US Patent 5,704,045) (December 30, 1997) System and Method of Risk Transfer and Risk Diversification including Means to Assure with Assurance of Timely Payment and Segregation of the Interests of Capital

(b) Regan (US Patent 6,898,574 B1) (May 24, 2005) Lender and Insurer Transaction Processing System and Method

(c) Asay et al (US Pub. No. 2001/0011255 A1) (August 2, 2001) Reliance Management for Electronic Transaction System

11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (571) 272-6747. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
Dr. N. Subramanian  
November 28, 2005